COMMONWEALTH OF THE PHILIPPINES
ARMY HEADQUARTERS
APO 501

6 Nov 45

SUBJECT: Sale of Post Exchange Articles

TO : Commanding General, United States Army Forces, Western Pacific, APO 701

1. Reference is made to the information given me sometime ago by Colonel Townsend of that command to the effect that U.S. Army authorities are very much upset by the sale in the black market of Post Exchange articles in big quantities and that Philippine Army officers and men have been found selling these articles.

2. For your information, necessary steps have been taken by this Headquarters to prevent unequitable distribution of Post Exchange articles among Philippine Army personnel and to forestall leakage of such articles into the black market. Among other measures, a circular was issued last July to supplement LUBSEC regulations then in force pertaining to the operation of exchange branches. Said circular is now under revision with a view to clarifying and supplementing its provisions. Monthly reports on Post Exchange operations are being required of all commanders of Philippine Army units operating Post Exchanges. The Chief, Special Services (PA), who has technical supervision over Philippine Army exchange branches, has initiated directives to further implement supervision over said branches.

3. It is entirely possible that the Post Exchange articles that are allegedly being sold in the black market may be traceable to Philippine Army officers and men. On the other hand, it is none the less possible that persons other than Philippine Army personnel may be involved in the alleged anomalous practice. Then there is the reportedly big-scale pilferage at the docks and elsewhere, which may be pointed out as another possible source. Be that as it may, the Inspector General will apply the full weight of his Service to the matter in hand, although, as a matter of fact, this headquarters has not as yet received any complaint from any Philippine Army officer or enlisted man, or from any other

person concerned for that matter, about the manner or method used by Philippine Army Post Exchange officers in handling Post Exchange articles or their sale.

4. It is suggested as another counter-measure in this connection, that the Main Exchanges concerned be required to check-up on the operation of their branch exchanges, including those operated by Philippine Army units, through inspections, reports, or other appropriate measures.

BASILIO J. VALDES
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Chief of Staff

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